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Jamaica & Dep

Oilseeds and Products

Annual

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Report Highlights:

Driven by moderation in international grain and soybean prices and strong domestic demands for pork and poultry, total soybean consumption in Jamaica increased by 12% during MY2004 (Oct. 2004 - Sept. 2005). The positive outlook for the poultry and pork industries, the main consumers of soybean meal, is expected to fuel moderate increase in soybean meal consumption over MY2005 and 2006. The increasing health awareness of the consumer market is expected to restrict edible oils consumption over the medium to long-term. During MY2004 total consumption of edible oils stood at 34,00 MT, with soybean oil accounting for 62%. Production of edible oils in Jamaica is limited to the refining of crude soybean oil.

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Section I: Executive Summary

Jamaica's marketing year (MY) 2004 consumption of soybean meal increased 12 percent from 92,000 MT to 103,000 MT compared to the previous year. Due to positive price developments in the international feed grains and soybean markets, and strong domestic demand for pork and poultry these factors are expected to fuel moderate increases in soybean meal consumption over the next three years. With relatively easier shipping logistics and cost from the United States, the U.S. remained the sole supplier of soybean meal to Jamaica MY2004.

Production of edible oil in Jamaica is limited to the refining of crude soybean oil. The low output from the domestic coconut industry, coupled with higher demand for non-oil coconut products, severely limit the industry's contribution to the edible fats and oils market. During MY 2004, total refined vegetable oils in Jamaica amounted to 25,000 MT, of which soybean accounted for 20,000 MT. Total consumption of edible oil over the same period was 34,000 MT, with soybean and olive oil respectively accounting for 62 and 14 percent. Consumption of edible oil is expected to remain flat over the long-term as the market becomes increasingly health conscious.

Section II: Oilseeds**Production**

There is no domestic production of soybeans in Jamaica for commercial purposes.

Consumption and Trade

Since the closure of the soybean extrusion plant in Jamaica during the mid 1990s, soybean consumption has remained insignificant. Soybean imports are generally for experimental purposes and a small quantity consumed in specialty foods.

Trade

The closure of Jamaica's soybean extrusion facility was largely due to competition from imported soybean meal by the local feed mills. The high cost of operation in Jamaica does not economically justify reopening the facility. As such, trade in soybeans is expected to remain insignificant over the long-term.

Policy

There is no revised policy towards soybean imports, production or consumption. As a raw material, soybeans are exempted from import duties.

Oil Meals**Production**

There is no commercial production of oil meal in Jamaica. The small quantity of copra that is produced locally is used directly for human consumption.

Consumption and Trade

Oil meal consumption in Jamaica is limited to soybean meal, which is used exclusively in animal feed production. Small proportions (two to three percent) of fats and oils, other protein meals (fishmeal, poultry offal and concentrates with Lysine and Methionine), and wheat bran are included in animal feeds. The amount of these minor ingredients have should inappreciable changes over the last three years. Excluding grain, soybean meal constitutes about 70 percent of total ingredients in animal feeds.

Imports and consumption of soybean meal in Jamaica is driven by the livestock sector, especially the poultry industry, which accounts for between 80 and 85 percent of total soybean meal consumption and about 76 percent of total feed production. The swine industry, which accounts for 14 percent of total feed production, currently consumes about 10 percent of total soybean meal imports. The cattle and small ruminants industries, which consist of mostly grass-fed operations, are minor consumers of soybean meal.

During MY2004, consumption of soybean meal increased by 12 percent from 92,000 MT to 103,000 MT compared to the previous year and is projected to increase by a further seven and four percent during MY2005 and 2006, respectively. Imports during MY2004 also increased by eight percent above that forecasted two years ago. The increased consumption and positive outlook are attributed to a combination of favorable movements in international grains and soybean prices and continued strong domestic demand for poultry and pork products.

The stability in international grain and soybean prices during 2004 and 2005 have impacted positively on domestic feed prices and production. The rate of increase in domestic feed prices has slowed from an estimated 20 percent during MY 03 to 12 percent during MY 04, and is project on par with inflation (between 10 and 12 percent) for MY 05. The improvements in feed prices have encouraged the re-entry of several small poultry farmers to the industry, which has contributed to the acceleration in the overall industry growth 2.4 and 5.2 percent in 2004 and 2005, respectively. Under extensive government protection, large contract poultry farmers continue to retool and expand operations. Backed by government and private sector investments, the swine industry has experienced robust growths of 18 and 10 percent in 2004 and 2005, respectively. The swine industry reform program, which hinges on wide-scale genetic, husbandry and infrastructure improvements, is expected to foster double-digit growths in the industry over the next five years. At the current supply and demand levels, the first down cycle in the swine industry is projected to occur over 2010/12. Despite the projected rapid growth in the pig industry, its relative importance to total soybean consumption is expected to change only marginally due to the absolute size of the poultry industry. The beef and dairy industries have consistently declined over the last five years due to increasing international competition, production inefficiencies, and changing consumer taste / preference. There is no concerted effort to rebuild beef and dairy herds.

Jamaica's total import of soybean meal during MY 2004 originated from the United States. The proximity of Jamaica to the United States, lower shipping cost, existing business relationships between Jamaican feed mills and U.S. grains traders, and the availability of technical assistance from U.S. trade groups have conferred a distinct preference for U.S. soybean meal in Jamaica. Over 98 percent of total imports originate from the United States.

Stock

Beyond the quantities required to facilitate smooth inventory and logistics management, local feed mills do not hold significant stocks of soybean meal. Total stocks generally range between 3,000 and 10,000 MT.

Policy

As a raw material for manufacturing purposes, soybean meal is exempted from import duties. Due to the absence of domestic production, and the relevance of the livestock sector to rural development and stability, feed ingredients are not heavily regulated. Impending biotechnology and biosafety policies are not expected to include traceability, identity preservation programs, tolerances and other regulations that will negatively affect trade in feed ingredients.

Marketing

Jamaica's three feed mills operate as components of a highly integrated poultry/livestock sector. Both Jamaica Broilers Feed Mills and Newport Mills (the major industry players) are subsidiaries of large vertically integrated poultry companies (Jamaica Broilers and Caribbean Broilers) that operate contract farming. The Jamaica Livestock Association Feed Mills produce largely for its members. All three mills produce in excess of their respective contract farmers/members demands and aggressively target independent operators. From an international perspective, the industry is supported through technical seminars from the American Soybean Association and other U.S. trade groups with interests in the industry. U.S. expositions are premier sources of new information and technology to the industry.

Oils

Production

In the Jamaican fats and oils market, only a small quantity of coconut oil is from domestic origin. Output from the coconut industry is severely limited due to the effects of Lethal Yellowing disease, which has destroyed most of the fields that were cultivated with the traditional variety (*Cocos nucifera* var. *typica*). Replanting with resistant variety (*C. nucifera* 'Maypan') is yet to make a significant impact on total output. Further, there is a relatively higher domestic demand for non-oils coconut products.

Production of edible oil in Jamaica is restricted to the refining of imported crude vegetable oil. Soybean oil accounts for approximately 80 percent of total vegetables oils that are refined and packaged in Jamaica each year. During MY04 total refined vegetable oil amounted to 25,000 MT, of which soy oil was 20,000 MT. This represents a 25 percent increase in the refining of soy oil from 16,000 MT during MY 03. Total refining of vegetable oils and soy oil are projected to remain flat over the next three years. The main refining facility is currently operating at capacity, and stagnant domestic demand does not justify capacity expansion. Palm, coconut and corn oils are used in the production of margarines and shortening. Approximately 4,000 MT of palm oil and less than 1,000 MT of coconut and corn oils were used in the production of shortening and margarines during MY 2004.

Consumption and Trade

Total consumption of edible oils (soybean, corn, olive, palm and sunflower) in Jamaica amounted to 34,000 MT during MY 2004, with relative contributions of: soybean oil (62%), olive oil (14%), palm (11%), sunflower (6%) and maize (3%). Total consumption is expected to remain largely unchanged over the next marketing year. The increasing health awareness of Jamaican consumers favors vegetable oils. With the relatively low per capita income, higher priced oils such as olive and sunflower, are positioned in the specialty segment. Soybean oil is perceived favorably on price and health attributes and is expected to lead the fats and oils market into the long-term. During MY2004, total consumption of soybean oil stood at 21,000 MT and is projected to increase marginally over the next three years. Imports of soybean oils during 2004 were only a marginal 3,000 MT below that forecasted two years ago. The increasing health awareness of the population has been slowly shifting the consumption patterns in Jamaica. The demand for fats and oils is expected to remain stable at the retail level. However, demand for specialty oils should increase over the medium to long-term. Fast food franchises have been promoting broiled, steamed and grilled products to satisfy consumer demands.

During MY04, the United States was the sole supplier of crude soybean oil to the Jamaican market. Historically, Trinidad and Tobago and Argentina supplied a relatively small quantity of the product to Jamaica. The United States, United Kingdom and Trinidad and Tobago were the major suppliers of refined soybean oil to Jamaica during MY2004.

The nature of competition within the Jamaican fats and oils markets has not shown any significant variations over the last two years and is expected to remain unchanged over the next two to three years.

Marketing

The domestic consumer market for fats and oils is highly competitive with several brands of vegetable oils being advertised and positioned primarily on the basis of health benefits and price. Olive oil is positioned and perceived in the market as high quality (especially health benefits). On a brand basis, supermarkets carry between six and eight brands of vegetable oils. The most popular brands are lower priced soybean and corn oil. SEPROD, the major player in the oils market, produces its own brands, as well as third party brands under private label agreements. Some retailer /wholesalers are importing bulk soybean oil in the U.S. for retail sales in Jamaica.

Policy

Under the Caribbean Community (CARICOM) Agreement, fats and oils from Trinidad and Tobago that meet the rules of origin requirements are exempted from import tariffs. Refined soy oils that originate outside of CARICOM attract an import tariff of 40 percent plus an Additional Stamp Duty of 25 percent. Under this regime, refined soy oil from Trinidad and Tobago dominates the Jamaican market on the basis of price competitiveness. Crude soybean oil attracts a minimal import tariff of five percent. The tariff differential between the two categories of oils favors the importation of crude soybean oil from the United States.

Despite the limitations of the local coconut industry, an import permit from the Coconut Industry Board (CIB) is mandatory for the entry of edible plant and animal fats and oils into Jamaica. Additionally, the CIB levies a variable tax of J\$0.08/lb on imported fats and oils.

Section III: Statistical Data

Jamaica & Dep Meal, Soybean							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT)
Beginning Stocks	3	7	3	7	3	9	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	70	103	90	114	0	118	(1000 MT)
MY Imp. from U.S.	60	103	70	114	0	118	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	73	110	93	121	3	127	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	70	103	90	112	0	116	(1000 MT)
TOTAL Dom. Consumption	70	103	90	112	0	116	(1000 MT)
Ending Stocks	3	7	3	9	0	11	(1000 MT)
TOTAL DISTRIBUTION	73	110	93	121	0	127	(1000 MT)
Calendar Year Imports	0	94	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	92	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Jamaica & Dep Oil, Soybean							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	USDA Official [Old]	Post Estimate New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	0	0	0	0	0	0	(PERCENT)
Beginning Stocks	2	2	2	2	2	4	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	23	21	25	25	0	27	(1000 MT)
MY Imp. from U.S.	21	19	20	22	0	25	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	25	23	27	27	2	31	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	23	21	25	23	0	26	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	23	21	25	23	0	26	(1000 MT)
Ending Stocks	2	2	2	4	0	5	(1000 MT)
TOTAL DISTRIBUTION	25	23	27	27	0	31	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	26	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)